



Coronavirus Aid, Relief, and Economic Security (CARES) Act Small Business Frequently Asked Questions

Q1. Will 501(c)(6) organizations receive assistance under the *CARES Act*?

A1. No, the Senate expands eligibility to 501(c)(3) and 501(c)(19) (veterans' organizations) nonprofits only.

Q2. Can a borrower double dip between an Economic Injury Disaster Loan (EIDL) and a new Paycheck Protection loan under the Senate proposal?

A2. Businesses will be able to receive an EIDL and a Paycheck Protection loan as long as they go for different things. For example, a business can receive an EIDL for working capital and a Paycheck Protection loan for payroll assistance. Additional flexibility is granted through no prepayment penalties on EIDLs and no prepayments penalties on Payment Protection loans. Additionally, a refinancing option has been included.

Q3. Under the *CARES Act*, the maximum loan amount intended for payroll and operating costs for small businesses is the monthly payroll times 2.5 with a maximum cap of \$10 million. 2.5 times the average monthly payroll is not nearly enough money for small businesses.

A3. The Senate is keeping the calculation at 2.5 times monthly payroll, earmarked to payrolls, etc. over 8 weeks, because that is what the \$350 billion will cover.

Q4. In the Paycheck Protection Program, are nonprofits eligible, are churches eligible, are chambers of Commerce and physician practices eligible?

A4. Nonprofits and churches designated as 501(c)(3) may participate in the Paycheck Protection Program. Physician practices are eligible, regardless of how they are structured (i.e. as an S-Corp, C-Corp, or sole proprietorship). Unfortunately, most trade



associations (therefore most Chambers) are organized at 501(c)(6)s. They are not eligible to participate under the CARES Act.

Q5. In the Paycheck Protection Program, can small businesses hire back employees they already fired and still have the loans forgiven? What is the hire back date?

A5. Yes. There is flexibility in the program to allow businesses to rehire folks they have laid off and still qualify. They simply need to be in business before February 15th and show the lender they have had employees on the payroll.

Q6. What are the exact steps for small businesses to access the capital? Where can I find the information? Is there a video or other form of assistance?

A6. The best place to go is your lender. The SBA and Treasury will be producing documents and instructional materials, but that takes time and your lenders would be the fastest way to get information.

Q7. How quickly will business be able to access loans?

A7. We are working with the SBA on capacity issues, including onboarding new lenders. The SBA is assuring us they will have things in place and that they are ready to stand up all of the requirements within the Senate bill as quickly as possible. We will continue to press them to move expediently.

Q8. Is Planned Parenthood eligible for SBA loans or grants?

A8. Planned Parenthood is not eligible for SBA grants or loans. Originally, the Senate bill contained a clause that excluded nonprofits that received Medicaid from participating in the Paycheck Protection Program. This exclusion clause was ultimately removed from the CARES Act. The final bill permits nonprofits to participate in SBA's loan programs, provided they have 500 employees or less. Additionally, the final bill binds nonprofits to the SBA's affiliation rules. Planned Parenthood is a nonprofit and is subject to the 500 employee cap and the affiliation



rule. They would have more than the allowable 500 employees, therefore Planned Parenthood and their affiliates are not eligible for SBA grants or loans.

Q9. We have businesses in our district that employ more than 500 employees across multiple locations. Would those individual locations be eligible for the Paycheck Protection Program?

A9. You are generally eligible for the Paycheck Protection Program if you are a for profit business, 501(c)(3), or 501(c)(19) (veterans' organization) nonprofit with less than 500 employees. SBA affiliation rules apply. There are a few exceptions. Businesses in the accommodation and food service industry (assigned a North American Industry Classification System code beginning with 72) with more than one location could also be eligible at the store and location level if the store employs less than 500 workers. This means that each store location could be eligible. Previous Senate drafts required the accommodation and food service industry business to have less than \$500 million in gross receipts to be eligible. This \$500 million requirement has been removed from the CARES Act. Lastly, if you're a franchisor and you appear in the SBA's National Franchise Directory, assistance will extend down to the franchisee at the store or location level.